RESILIENT. LOOKING TOWARDS THE FUTURE

ANNUAL REPORT **2017**

السلام العالمية
SALAM INTERNATIONAL

ANNUAL
REPORT
2017

His Highness

Sheikh Tamim bin Hamad Al Thani

Emir of the State of Qatar

His Highness

Sheikh Hamad bin Khalifa Al Thani

Father Emir

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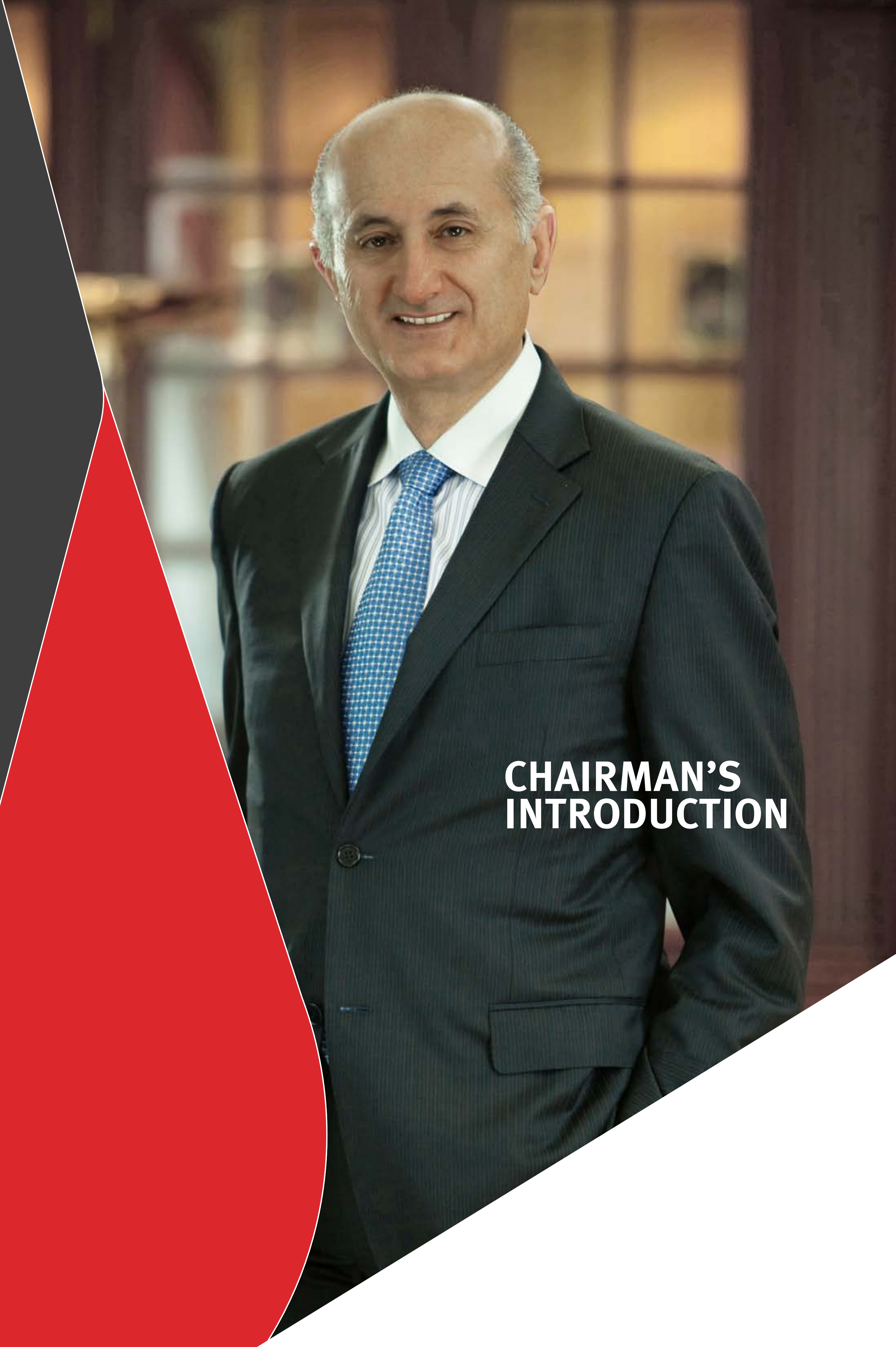

CHAIRMAN'S INTRODUCTION

Dear Shareholders,
Peace be upon you and Allah's mercy and blessings!

2017 was a year rife with unexpected challenges. However, it was also a year that was valuable on many levels. As is to be expected, the resulting fall out adversely impacted a number of companies in SIIL's fold as well.

The cascading effects of these circumstances however also presented a valuable opportunity; an opportunity to truly test the resilience of a conglomerate such as ours.

Even as the sharp drop in consumer spending resulted in a general decline, several of our companies showed their ability to swiftly adapt. Not only did they take measures to minimize the unavoidable impact but they also aggressively went after new opportunities that arose as a direct result of regional complications.

On a different plane, all our companies used the external pressures to rigorously reassess their operations, where critical and strengthening where necessary. SIIL's Board empowered our Managers to make focused, disciplined decisions in order to ensure the ultimate health of SIIL's companies.

As we step into 2018, SIIL's energies will be focused on one goal; to resiliently deliver unparalleled value to our economy, our shareholders, employees and our community.

Speaking on behalf of SIIL's staff I am happy to assure all our shareholders that we are ready to take on the new year and the new realities before us, working with vision and foresight to transform challenges into opportunities, in order to continue SIIL's success!

Issa AbdulSalam Abu Issa
Chairman & CEO

BOARD OF DIRECTOR'S REPORT

Board of Director's Report
to the General Assembly
Pertaining Salam International
Investment Limited's Performance
during the year 2017,
and its future plans

Dear Shareholders...
Peace be upon you and Allah's mercy and blessings,

On behalf of the Board of Directors of Salam International Investment Limited (SIIL), I have the pleasure to welcome you. I also welcome the representatives of the Ministry of Economy and Trade - Corporate Control Department, and KPMG's auditors. I am also pleased to thank you for your participation in this meeting. I would also like to present to you, the annual report on the Company's activity and performance, what was accomplished during FY2017 and its future plans.

FIRSTLY – INVESTMENT ACTIVITIES:

At the beginning of 2017, a new global economic crisis was looming, this time it had targeted consumer goods.

One of the causes of this crisis was the expansion of e-commerce and the restructuring of spending patterns. Consumer spending on durables and consumer goods in general declined noticeably.

With regard to the regional and local situation, consumer goods trade in Qatar received a hit as well, being through the decline in the number of shoppers on the one hand, as well as the decrease in the average spending of consumers compared to previous years on the other hand. This was in conjunction with the increased number of shopping malls that offer larger areas than justified by aggregate demand.

This is reflected in the overall high percentage decline in the Company's luxury goods sales, with the luxury goods sector bearing first-time losses of tens of millions.

The Company's property revenues also declined, in light of the decline in rental rates in general.

Poor performance of troubled companies, especially those operating outside Qatar, continued, and losses continued to bleed. Although profit was achieved in some of the subsidiaries operating in Qatar, the losses faced were greater than gains made. This led to an increase in the Company's losses at an unprecedented rate.

In light of this economic climate, the Company sought to mitigate the negative impacts of 2017, thus reducing losses to a minimum.

The Company also implemented a conservative financial policy and risk management plan; through reducing the cost of financing and benefiting from low interest rates. This is in addition to adopting some measures aimed at raising the level and effectiveness of performance, and rationalization of costs.

Despite the executive management's efforts to avoid losses, and their pursuit and success now and then, the Company did not avoid the economic storms we have mentioned at the beginning of this meeting; it suffered tangible losses, especially in the durable goods, luxury goods and construction sectors, as mentioned earlier.

SECONDLY - FUTURE PLANS:

Although the Company continues to implement the previously announced contingency plans, it will closely monitor economic developments so as to avoid their effects and seize opportunities arising from them; taking into account the assumptions that the global economy may enter a recession and that the coming years will be more and more difficult. However, the Company will continue to seek mitigation measures whenever needed.

In order to implement the Company's future plans, all activities conducted in 2018 moving forward will be based on the following:

- Reduce consumer and retail activity while restricting it to promising markets.

- Taking advantage of investment opportunities that will open new horizons for the Company, especially in projects and activities that are based on modern technological applications.

- Continue to rationalize and integrate the activities of subsidiaries, while reducing some of the futile activities. Exiting from some non-productive investments or entering into new investments.

- Continue to merge and consolidate the activities of some subsidiaries, with integrated and homogeneous activities, along with reducing fixed and operating costs thus allowing for the growth of profits generated from these activities.

- Engaging in alliances with leading companies to maximize the Company's market share and to expand geographically.

- Complete the implementation of the resource planning program, which will enable senior management to obtain and control required information and data and to verify the integrity and performance of the departments. This system will provide a comprehensive view of all departments; including their financials, suppliers, customers, internal processes, human resources and performance efficiency.

In line with Salam International's legacy regarding institutional performance, Salam International will continue to strengthen governance and institutional discipline.

THIRDLY - 2017 FINANCIAL RESULTS:

The consolidated financial statements for the year ending 31/12/2017 showed a net loss of about QR 89.9 million. After deducting the minority's positive equity, the share of Salam International's shareholders from the losses is about QR 100.7 million. Taking into consideration that the losses are net losses, after deducting all the necessary provisions. The loss per share was approximately QR 0.88.

Based on the results achieved, and due to the losses achieved in 2017, the Board of Directors regrets to announce to your esteemed selves that they will not be distributing any dividends for the year 2017. The Board of Directors also waived its annual bonus for this year.

I would like to take this opportunity to convey on your behalf, and on behalf of the Board of Directors and on my own behalf our sincere thanks and gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, for the wisdom and leadership he has shown during the challenges that face the State of Qatar; as well as His Highness Sheikh Abdullah Bin Hamad Al Thani, the Deputy Emir and His Excellency Sheikh Abdullah bin Nasser bin Khalifa Al Thani, the Prime Minister and Minister of Interior, for their efforts in promoting and protecting the national product and for their continuous support in providing advancement opportunities in our beloved country Qatar, Under the wise leadership of His Highness the Amir.

I would also like to thank the Minister of Business and Trade and all the employees of the Companies Control Department for their tireless efforts in supporting and encouraging the private sector through developing its institutions and continuously promoting economic development.

In conclusion, I would like to thank the Board of Directors and all the employees of the Company for their sincere efforts in supporting the Company's vision, growth and prosperity.

Issa AbdulSalam Abu Issa
Chairman of Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Shareholders
Salam International Investment Limited Q.P.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International standard on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Depreciation and impairment of investment properties	How the matter was addressed in our audit
We focused on this area because: • Investment properties of QR 1,575,905,684 represent 29% of the Group's total assets as at 31 December 2017, and form a material portion of the consolidated statement of financial position. • The Group makes complex and subjective judgements over estimation of the useful life of investment properties and assessment of indicators of impairment.	Our audit procedures in this area included, among others: – Evaluating the key controls related to investment properties including the controls over the base data used in the estimation of useful life; – Evaluating the recognition criteria applied to the costs incurred and capitalised during the financial year against the requirements of the relevant accounting standards; – Assessing the depreciation method used and the appropriateness of the key assumptions based on our knowledge; – Recalculation of the depreciation charges and comparison with the actual depreciation charges for the year; – Critically challenging the Group's assessment of possible internal (physical damages) and external indications (decline in value) of impairment in relation to the investment properties including the comparison with fair value determined by independent valuers; – We assessed the adequacy of the Group's disclosure in relation to the depreciation, impairment and fair valuation of investment properties by reference to the requirements of the relevant accounting standards.

Valuation of inventories and provision for slow moving inventories	How the matter was addressed in our audit
We focused on this area because: • The inventories of QR 574,256,048 representing 11% of the Group's total assets as at 31 December 2017, hence a material portion of the consolidated statement of financial position. • The Group makes significant judgement in estimating the net realizable value of inventories along with the assessment of the level of inventory provision required in respect of slow moving inventories.	Our audit procedures in this area included, among others: – Evaluating the key controls in the identification of slow moving inventories and valuations of inventories; – Testing the ageing of inventories in the Group's main trading subsidiaries on a sample basis; – Assessing the appropriateness of the provisioning policies in the Group's main trading subsidiaries by reference to industry practices and comparing the consistency with the historical data on provisioning; – Testing sales subsequent to the year-end for sample of inventory items to check whether sale price were higher than the reported carrying values of such inventory items; – We assessed the adequacy of the Group's disclosure in relation to the valuation of inventories by reference to the requirements of the relevant accounting standards.

<table>
<tr><th>Revenue recognition on contracts and excess of revenue over billings from contract works</th><th>How the matter was addressed in our audit</th></tr>
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- We focused on this area because:
- The contract revenue of QR 1,649,247,100 representing 57% of the Group's total operating revenue for the year ended 31 December 2017, hence a material portion of the consolidated statement of profit or loss and excess of revenue over billings from contract works of QR 737,662,882 representing 14% of the Groups total assets as at 31 December 2017, hence a material portion of the consolidated statement of financial position.
- The Group makes significant judgement in estimating the percentage of completion of each contract in arriving at the contract revenue and consequently contract related excess of revenue over billings.

</td><td>

Our audit procedures in this area included, among others:

- Evaluating the key controls in revenue recognition process including the quarterly preparation of project cost estimation and progress claim certification and the approval process;
- We read all key contracts and discussed each with the Group to obtain full understanding of the specific terms and risk;
- Assessing the recoverability of excess of revenue over billing from contract works by reference to the contract terms and the progress status of the contracts;
- We challenged the Group in respect of the reasonableness of estimates made regarding the cost of completion, profit margins for each contract and consideration of effect of contract variations and likely cost overruns, if any;
- Assessing whether the Group's policies and processes for making these estimates continue to be appropriate and are applied consistently to all contracts of a similar nature;
- Assessing the adequacy of the Group's disclosure in relation to revenue recognition on contracts and related excess of revenue over billings by reference to the requirements of the relevant accounting standards.

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OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentations.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and the timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Group. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2017.

4 February 2018	Yacoub Hobeika
Doha	KPMG
State of Qatar	Audit Registration Number 289
	Licensed by QFMA: External Auditor's License No. 120153

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

In Qatari Riyals

Assets	**2017**	2016
Property, plant and equipment	525,027,771	492,919,714
Intangible assets and goodwill	109,292,209	101,020,302
Investment properties	1,575,905,684	1,568,859,469
Equity-accounted investees	152,150,487	130,620,547
Available-for-sale investments	172,865,335	166,917,235
Retention receivables	133,261,200	108,416,590
Loans to associate companies	22,239,377	24,696,029
Other assets	12,159,215	11,993,327
Non-current assets	**2,702,901,278**	2,605,443,213
Inventories	574,256,048	535,417,086
Other assets	185,430,190	173,545,196
Due from related parties	230,050,589	227,567,954
Retention receivables	116,433,984	106,316,103
Excess of revenue over billings from contract works	737,662,882	699,227,470
Investments at fair value through profit or loss	1,379,336	1,754,712
Trade and other receivables	655,626,213	628,626,746
Cash and bank balances	209,196,864	267,771,222
Current assets	**2,710,036,106**	2,640,226,489
Total assets	**5,412,937,384**	5,245,669,702

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

In Qatari Riyals

Equity	2017	2016
Share capital	1,143,145,870	1,143,145,870
Legal reserve	431,181,937	431,181,937
Fair value reserve	(11,861,086)	(5,380,236)
Proposed cash dividend	-	91,451,670
(Accumulated loss)/Retained earnings	(82,967,488)	17,808,273
Equity attributable to owners of the company	**1,479,499,233**	1,678,207,514
Non-controlling interests	165,985,666	156,965,999
Total equity	**1,645,484,899**	1,835,173,513
Liabilities		
Borrowings	1,570,839,497	1,284,811,669
Employees' end of service benefits	75,348,122	72,727,533
Retention payables	31,258,383	15,978,358
Other liabilities	7,769,253	15,078,453
Notes payable	-	1,415,316
Non-current liabilities	**1,685,215,255**	1,390,011,329
Due to related parties	2,847,080	2,299,720
Bank overdrafts	118,040,843	82,032,035
Borrowings	1,133,445,219	1,006,244,714
Notes payable	4,148,144	7,449,343
Retention payables	32,016,398	24,699,589
Advances from customers	136,238,506	234,354,891
Excess of billings over revenues from contract works	65,648,791	57,738,981
Other liabilities	288,715,421	283,007,873
Trade and other payables	301,136,828	322,657,714
Current liabilities	**2,082,237,230**	2,020,484,860
Total liabilities	**3,767,452,485**	3,410,496,189
Total equity and liabilities	**5,412,937,384**	5,245,669,702

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 4 February 2018.

Issa AbdulSalam Abu Issa
Chairman and Chief Executive Officer

Hekmat Abdel Fattah Younis
Chief Financial Officer

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

In Qatari Riyals

	2017	2016
Operating revenue	2,893,826,913	2,912,822,805
Operating cost	(2,336,353,721)	(2,176,074,127)
Gross profit	**557,473,192**	736,748,678
Investment income	4,477,708	23,418,544
Other operating income	5,925,616	6,768,585
Service and consultancy income	453,302	5,701,436
Other income	23,159,453	26,077,292
Salaries and staff benefits	(290,193,904)	(291,242,897)
General and administrative expenses	(215,049,205)	(215,295,877)
Amortisation of intangible assets	(3,113,672)	(3,577,417)
Depreciation of property, plant and equipment	(73,398,488)	(72,937,670)
Impairment of available-for-sale investments	(2,446,431)	(934,586)
Finance costs	(95,516,547)	(76,028,296)
Share of result from equity–accounted investees, net	3,249,014	(7,418,911)
(Loss)/Profit before executive managers' bonus	**(84,979,962)**	131,278,881
Executive managers' bonus	(4,941,597)	(9,359,571)
Proposed Directors' remuneration	-	(2,200,000)
(Loss)/Profit	**(89,921,559)**	119,719,310
Attributable to:		
Owners of the Company	(100,723,400)	114,207,525
Non-controlling interests	10,801,841	5,511,785
(Loss)/Profit	**(89,921,559)**	119,719,310
Basic and diluted earnings per share	**(0.88)**	1.00

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

In Qatari Riyals

	2017	2016
(Loss)/Profit	**(89,921,559)**	119,719,310
Other comprehensive income:		
Item that is or may be reclassified subsequently to profit or loss		
Net movement in cumulative changes in fair value of available-for-sale investments	(6,480,850)	(2,387,229)
Other comprehensive income	**(6,480,850)**	(2,387,229)
Total comprehensive income	**(96,402,409)**	117,332,081
Attributable to:		
Owners of the Company	(107,204,250)	111,820,296
Non-controlling interests	10,801,841	5,511,785
Total comprehensive income	**(96,402,409)**	117,332,081

.SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

In Qatari Riyals

	Attributable to owners of the Company							
31 December 2017	**Share capital**	**Legal reserve**	**Fair value reserve**	**Proposed cash dividend**	**Accumulated) loss)/ Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2017	1,143,145,870	431,181,937	(5,380,236)	91,451,670	17,808,273	1,678,207,514	156,965,999	1,835,173,513
(Loss)/Profit	-	-	-	-	(100,723,400)	(100,723,400)	10,801,841	(89,921,559)
Other comprehensive income								
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(6,480,850)	-	-	(6,480,850)	-	(6,480,850)
Total comprehensive income	-	-	(6,480,850)	-	(100,723,400)	(107,204,250)	10,801,841	(96,402,409)
Cash dividend paid	-	-	-	(91,451,670)	-	(91,451,670)	-	(91,451,670)
Proposed cash dividend (Note 34)	-	-	-	-	-	-	-	-
Contribution to social and sports fund (Note 32)	-	-	-	-	-	-	-	-
Acquisition – Additional purchase of subsidiary shares (Note 26)	-	-	-	-	(52,361)	(52,361)	(1,801,990)	(1,854,351)
Net movement in non-controlling interests (Note 22)	-	-	-	-	-	-	19,816	19,816
Balance at 31 December 2017	**1,143,145,870**	**431,181,937**	**(11,861,086)**	**-**	**(82,967,488)**	**1,479,499,233**	**165,985,666**	**1,645,484,899**

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

In Qatari Riyals

	Attributable to owners of the Company							
31 December 2016	Share capital	Legal reserve	Fair value reserve	Proposed cash dividend	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	1,143,145,870	419,761,184	(2,993,007)	114,314,587	9,623,759	1,683,852,393	165,710,252	1,849,562,645
Profit	-	-	-	-	114,207,525	114,207,525	5,511,785	119,719,310
Other comprehensive income Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(2,387,229)	-	-	(2,387,229)	-	(2,387,229)
Total comprehensive income	-	-	(2,387,229)	-	114,207,525	111,820,296	5,511,785	117,332,081
Cash dividend paid	-	-	-	(114,314,587)	-	(114,314,587)	-	(114,314,587)
Proposed cash dividend (Note 34)	-	-	-	91,451,670	(91,451,670)	-	-	-
Transfer to legal reserve	-	11,420,753	-	-	(11,420,753)	-	-	-
Contribution to social and sports fund (Note 32)	-	-	-	-	(2,855,188)	(2,855,188)	-	(2,855,188)
Disposal of a subsidiary (Note 26)	-	-	-	-		-	(9,749,303)	(9,749,303)
Acquisition – Additional purchase of subsidiary shares (Note 26)	-	-	-	-	(295,400)	(295,400)	(3,984,740)	(4,280,140)
Net movement in non-controlling interests (Note 22)	-	-	-	-		-	(521,995)	(521,995)
Balance at 31 December 2016	1,143,145,870	431,181,937	(5,380,236)	91,451,670	17,808,273	1,678,207,514	156,965,999	1,835,173,513

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

In Qatari Riyals

	2017	2016
Cash flows from operating activities		
(Loss)/Profit	(89,921,559)	119,719,310
Adjustments for :		
– Depreciation of property, plant and equipment	101,113,470	89,248,081
– Amortisation of intangible assets	3,113,672	3,577,417
– Property, plant and equipment written off	2,674,082	3,333,012
– Intangible assets written off	25,788	-
– Depreciation of investment properties	31,532,901	29,618,759
– Impairment of available-for-sale investments	2,446,431	934,586
– Provision for slow moving inventories	3,917,399	5,148,313
– Provision for doubtful trade receivables	11,585,540	5,322,849
– Provision for employees' end of service benefits	18,026,584	17,769,344
– Unrealised loss on investments at fair value through profit or loss	375,376	310,915
– Finance costs	110,706,579	87,773,804
– Gain on sale of available-for-sale investments	-	(27,865)
– Profit on disposal of a subsidiary	-	(16,576,045)
– Interest income	(3,434,199)	(5,388,559)
– Dividend income	(1,418,885)	(1,736,990)
– Gain on sale of property, plant and equipment	(866,307)	(224,955)
– Share of results of equity-accounted investees	(3,249,014)	7,418,911
Operating profit before working capital changes	**186,627,858**	346,220,887
Changes in:		
– Inventories	(42,756,361)	40,579,827
– Other assets	(12,050,882)	(43,995,189)
– Due from related parties	(20,325,985)	(4,240,206)
– Retentions receivables	(34,962,491)	(52,499,481)
– Excess of revenue over billings from contract works	(38,435,412)	(247,082,985)
– Trade and other receivables	(38,585,007)	(151,423,297)
– Due to related parties	547,360	24,056,972
– Net movement in notes payable	(4,716,515)	4,886,901
– Retention payables	22,596,834	7,417,761
– Advances from customers	(98,116,385)	91,833,664
– Excess of billings over revenue from contract works	7,909,810	(19,951,134)
– Trade and other payables and other liabilities	(23,509,183)	113,546,375
Cash (used in)/generated from operating activities	(95,776,359)	109,350,095
Employees' end of service benefits paid	(15,405,995)	(11,352,413)
Net cash (used in)/from operating activities	**(111,182,354)**	97,997,682

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

In Qatari Riyals

	2017	2016
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(139,210,368)	(113,205,557)
Proceeds from sale of property, plant and equipment	4,181,066	10,905,226
Payments for purchase of investment properties	(36,617,933)	(76,528,889)
Payments for purchase of available - for - sale investments	(18,701,162)	(1,398,165)
Proceeds from sale of available- for- sale investments	3,825,781	1,122,402
Net movement in intangible assets	(11,411,367)	(15,980,223)
Purchase of investments at fair value through profit or loss	-	(167,647)
Purchase of shares in equity-accounted investees	(744,000)	(1,504,170)
Proceeds on sale of a subsidiary – net of cash	-	21,442,653
Payment for acquisition of additional shares of a subsidiary	(1,854,351)	(4,280,140)
Dividends received from equity accounted investees	693,069	8,987,539
Dividends received	1,418,885	1,736,990
Interest received	3,434,199	5,388,559
Net cash used in investing activities	**(194,986,181)**	(163,481,422)
Cash flows from financing activities		
Net movement in borrowings	411,267,150	200,440,634
Net movement in non-controlling interests	19,816	(521,995)
Finance costs paid	(110,706,579)	(87,773,804)
Loan to associate companies	2,456,652	(18,942,426)
Dividends paid	(91,451,670)	(114,314,587)
Net cash from/(used in) financing activities	**211,585,369**	(21,112,178)
Net decrease in cash and cash equivalents	**(94,583,166)**	(86,595,918)
Cash and cash equivalents at 1 January	185,739,187	272,335,105
Cash and cash equivalents at 31 December	**91,156,021**	185,739,187
Non cash transactions:		
Finance cost capitalised on qualifying asset	**1,961,183**	144,959
Transfer from related parties receivables	**17,843,350**	-

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